



April 24, 2007

Mr. Charles Terreni
Chief Clerk/Administrator
Public Service Commission of South Carolina
P. O. Drawer 11649
Columbia, South Carolina 29211

Re: Docket No. 2005-385-E
Direct Testimony of Robert P. Evans

Dear Mr. Terreni:

Enclosed for filing please find the Direct Testimony of Progress Energy Carolinas, Inc.'s witness Robert P. Evans in the above-referenced docket.

THIS DOCUMENT IS AN EXACT DUPLICATE, WITH THE EXCEPTION OF THE FORM OF THE SIGNATURE, OF THE E-FILED COPY SUBMITTED TO THE COMMISSION IN ACCORDANCE WITH ITS ELECTRONIC FILING INSTRUCTIONS.

Very truly yours,

/s/

Len S. Anthony
Deputy General Counsel – Regulatory Affairs

LSA:mhm

Enclosure

248672

1 Engineering Economics training at the Colorado School of Mines, completed the
2 NARUC Regulatory Studies program at Michigan State, and completed the
3 Advanced AGA Ratemaking program at the University of Maryland. I am
4 currently working on a Renewable Energy Technology certification from North
5 Carolina State University.

6
7 Upon graduation from ISU, I joined the Iowa State Commerce Commission, now
8 known as the Iowa Utility Board ("IUB"), in the Rates and Tariffs Section of the
9 Utilities Division. During my tenure with the IUB, I held several positions,
10 including Senior Rate Analyst in charge of Utility Rates and Tariffs and Assistant
11 Director of the Utility Division. In those positions I provided testimony in gas,
12 electric, water and telecommunications proceedings as an expert witness in the
13 areas of rate design, service rules, and tariff applications.

14
15 In 1982, I accepted employment with City Utilities of Springfield, Missouri, as an
16 Operations Analyst. In that capacity, I provided support for rate-related matters
17 associated with the municipal utility's gas, electric, water and sewer operations.
18 In addition, I worked closely with its load management and energy conservation
19 programs. In 1983, I joined the Rate Services staff of the Iowa Power and Light
20 Company, now known as MidAmerican Energy, as a Rate Engineer. In this
21 position, I was responsible for the preparation of rate related filings and presented
22 testimony on rate design, service rules, and accounting issues before the IUB.

23
24 In 1986, I accepted employment with Tennessee-Virginia Energy Corporation,
25 which is now known as the United Cities Division of ATMOS Energy, as Director
26 of Rates and Regulatory Affairs. While in this position, I was responsible for
27 regulatory filings, regulatory relations, and customer billing. In 1987, I went to
28 work for the Virginia State Corporation Commission in the Division of Energy
29 Regulation as a Utilities Specialist. In this capacity I worked with electric and

1 natural gas issues and provided testimony on cost of service and rate design
2 matters brought before that regulatory body.

3
4 In 1988, I joined North Carolina Natural Gas Corporation ("NCNG") as its
5 Manager of Rates and Budgets. Subsequently, I was promoted to Director-
6 Statistical Services in its Planning and Regulatory Compliance Department. In
7 that position, I performed a variety of work associated with financial, regulatory,
8 statistical analysis, and presented testimony on a variety of issues before the North
9 Carolina Utilities Commission. I held that position until the closing of NCNG's
10 merger with Carolina Power and Light Company, the predecessor of Progress
11 Energy Corporation, on July 15, 1999.

12
13 Q. WHAT ARE YOUR CURRENT RESPONSIBILITIES WITH PROGRESS
14 ENERGY CORPORATION?

15
16 A. I provide Progress Energy Carolinas, Inc. ("PEC") and Progress Energy Florida,
17 Inc. with rate and regulatory support in their state and federal venues.

18
19 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

20
21 A. The purpose of my testimony is to propose a net metering tariff to be approved by
22 the Commission if it decides that net metering is in the public interest.

23
24 Q. IS PEC'S PROPOSED NET METERING TARIFF CONSISTENT WITH THE
25 NET METERING STANDARD ADVOCATED BY WITNESS WRIGHT?

26
27 A. Yes, the principles and provisions embodied in PEC's Net Metering Rider NM-3,
28 attached to my testimony as Exhibit 1, are consistent with the net metering

1 standard proposed by Dr. Julius A. Wright in Section V. of his testimony in this
2 proceeding filed on April 24, 2007 on behalf of PEC; Duke Power Company LLC
3 d/b/a Duke Energy Carolinas LLC ("Duke Energy Carolinas"); and South
4 Carolina Electric & Gas Company ("SCE&G").

5
6 Q. WILL YOU PLEASE PROVIDE AN OVERVIEW OF THE NET METERING
7 RIDER?

8
9 A. PEC's Net Metering Rider NM-3 offers net metering service to residential and
10 nonresidential customers. The terms and conditions of Rider NM-3 are identical
11 to the North Carolina tariff and are consistent with the terms and conditions
12 advocated by Witness Wright and supported by Witness Watts in their testimony.

13
14 Under this proposal, net metering would be available to any utility customer that
15 owns and operates a solar photovoltaic, wind-powered, micro-hydro driven or
16 biomass-fueled renewable energy facility. The customer may install generation
17 capacity of up to 20 kilowatts (kW) for a residential customer-generator and 100 kW
18 for a non-residential customer-generator. The contract period for taking service
19 under the net metering tariff would be one year, and would renew thereafter for
20 successive one-year periods, with appropriate termination provisions for both
21 parties.

1 The renewable energy facility would be interconnected and operated in parallel
2 with an electric utility's distribution system in accordance with the "Standard for
3 Interconnecting Small Generation 100 kW or less with Electric Power Systems"
4 (hereinafter "Interconnection Standard") as approved by this Commission in
5 Docket No. 2005-387-E. The net metering service to customer-generators will be
6 available on a first-come, first-served basis up to an aggregate limit of 0.2% of
7 PEC's South Carolina jurisdictional retail peak load for the prior calendar year. In
8 addition to the reasons cited by Witness Wright, we believe that both a site limit
9 and system limit on the total generation installed are necessary to allow PEC to
10 gain experience with this new technology and its impacts on system load and the
11 rates paid by other ratepayers.

12
13 Q. EXPLAIN HOW A SMALL CUSTOMER-GENERATOR REQUESTS
14 SERVICE UNDER THE NET METERING RIDER.

15
16 A. The customer would first need to execute and submit an "Application to
17 Interconnect Small Generation 100kW or Less" that sets forth the basic
18 information regarding the customer's generation and electrical installation
19 scheme. PEC would then prepare and present the customer with an
20 "Interconnection Agreement for Small Generation Less than 100 kW" to describe
21 the specific installation arrangement. The Agreement would include the
22 "Interconnection Standard", which describes the conditions related to
23 interconnection of the customer's generation with the utility's electrical system.

1 PEC would then install a special net metering time of use meter to support the net
2 metering billing arrangement. This process is described on PEC's external
3 website (<http://www.progress-energy.com/custservice/carres/renewables/netmetering.asp>). The
4 external website also provides additional information regarding renewable energy
5 resources and other rate options available to customers with generation.

6
7 Q. HOW IS RETAIL SERVICE PROVIDED IN CONJUNCTION WITH THE
8 PROPOSED NET METERING RIDER?

9
10 A. A customer-generator that desires to net meter will receive service under a time of
11 use schedule that includes demand rates. Residential customers would receive
12 service under Residential Service Time-Of-Use (R-TOUD) Schedule while non-
13 residential customers would receive retail service under the Small General Service
14 Time-Of-Use (SGS-TOU) Schedule. As noted above, PEC would install a single
15 bi-directional meter which independently records the flow of electricity in each
16 direction through the meter. As noted by Witness Wright, the use of a
17 demand-based time-of-use schedule minimizes cross-subsidization by recognizing
18 the value in on-peak and off-peak electricity and better ensures that the customers
19 makes a contribution to the actual facilities installed to provide electric service.

20
21 Q. DESCRIBE HOW THE NET METERING CUSTOMER-GENERATOR'S BILL
22 WOULD BE CALCULATED.

1 A. If the electricity supplied by the utility exceeds the electricity delivered to the grid
2 by the customer-generator during a monthly billing period, the customer-generator
3 would be billed for the net electricity supplied by the utility, including any
4 demand and other charges under the applicable schedule. It is important to note
5 that on-peak excess generation is used to offset on-peak usage and off-peak
6 generation is used to offset off-peak usage. However, any remaining on-peak
7 generation in excess of on-peak usage is used to offset any off-peak generation
8 shortfall.

9
10 If the electricity delivered to the grid by the customer-generator exceeds the
11 electricity supplied by the utility during a monthly billing period, the customer-
12 generator would be billed for the applicable demand and other charges for that
13 billing period and credited for the excess kilowatt-hours (kWh) generated during a
14 subsequent billing period. PEC will not charge the customer-generator any
15 standby, metering, or other fees or charges other than those approved for all
16 customers under the applicable time-of-use demand rate schedule. There may be
17 rare situations where additional facility charges may be applicable if the
18 customer's generator adversely impacts the service to neighboring customers, but
19 this is not anticipated with systems that meet the Interconnection Standards. Any
20 kWh credit would be applied to the following billing period, however any excess
21 usage not used to offset consumption will be reset to zero each May 31st at the
22 beginning of the time-of-use schedule summer billing period. Similarly, any
23 renewable energy credits (REC), or "green tags," associated with this excess

1 generation would also be granted to the utility when the excess generation credit
2 balance is zeroed out.

3
4 Q. HOW DOES THE NET METERING RIDER PROPOSED BY PEC IN THIS
5 DOCKET COMPARE TO THE NET METERING RIDER IN USE IN NORTH
6 CAROLINA?

7
8 A. The Net Metering Rider is identical to the North Carolina version except for
9 references to the specific state. The Net Metering Rider was filed jointly by the
10 North Carolina utilities and was approved by the North Carolina Utilities
11 Commission in Docket No. E-100, Sub 83, and is presently in use in North
12 Carolina. Approval of these Net Metering Standards by the South Carolina Public
13 Service Commission would thus result in a unified, consistent, approach to billing
14 options available to customers with generation that would be used throughout the
15 two Carolinas.

16
17 Q. DOES THE PROPOSED NET METERING RIDER ELIMINATE THE COST
18 SUBSIDIES DISCUSSED IN WITNESS WRIGHT'S TESTIMONY?

19
20 A. No, it does not. Although, the inherent cost subsidies have been minimized
21 through the use of time differentiated rates and seasonal banking limitations.

1 Q. IS IT PEC'S POSITION, THEN, THAT IF THE COMMISSION DECIDES NET
2 METERING IS IN THE PUBLIC INTEREST IT SHOULD ADOPT THE NET
3 METERING RIDER NM-3 FOR USE IN ITS SOUTH CAROLINA
4 JURISDICTION?

5

6 A. Yes it is.

7

8 Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

9

10 A. Yes, it does.

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2005-385-E

IN RE: Petition to Establish Docket to Consider)
Implementing the Requirements of:)
Section 1251 (Net Metering and Additional) CERTIFICATE OF SERVICE
Standards) of Energy Policy Act of 2005)

I, Marsha H. Manning, employee of PEC, hereby certify a copy of PEC's Direct Testimony of Robert P. Evans has been placed in the U. S. Mail on this date, to the parties of record at the addresses shown below, with sufficient postage attached:

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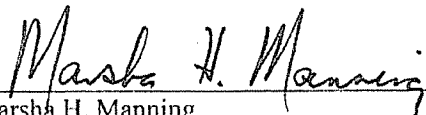
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This the 24th day of April, 2007.


Marsha H. Manning
Senior Legal Secretary to Len S. Anthony